

**Defense Contract Management Command**



# Enterprise Resource Planning Study Group

DCMC/DCAA/Industry Crosstalk Meeting

April 21, 1999



# Overview

- **Definition**
- **DCMC/DCAA/Industry Study Group**
  - **Charter**
  - **Process**
  - **Observations**
  - **Recommendations**



## Definition

**ERP is a system for the entire company - a global, tightly integrated closed-loop system**



## DCMC/DCAA/Industry ERP Study Group

- **August 1998** - Joint group recommended to examine ERP and identify common questions/concerns as a result of DCMC/DCAA/Industry Crosstalk meeting
- **November 1998** - Charter signed by DCMC & DCAA
- **April 1999** - Analysis & assessment completed



# Charter

## ➤ Purpose

- Become familiar with and knowledgeable of the various ERP systems
- Determine information needed when contractor's implement ERP
- Identify ERP training needs

## ➤ Team Members

- DCAA
- DCMC
- Industry Associations (AIA, EIA and NDIA)



## Process

- **Site visits:**
  - Lockheed Martin Vought Systems
  - Rolls-Royce Allison
  - Marconi Aerospace Systems, Inc.
  - Boeing Military Aircraft & Missile Systems
  - Northrop Grumman Electronic Sensors & Systems Sector
  - Lockheed Martin Aeronautics Sector
  - Lockheed Martin Missiles & Space
- **ERP software supplier meetings**
- **Analysis and assessment**



# Observations

## ➤ Contractor

- Implementation approach is critical to success
- COTS software changes non-existent or minimal
- Knowledge transfer effort significant
- ERP systems key to interoperability & efficiency

## ➤ Government

- No statutory or regulatory impediments
- Varied levels of involvement
- Minimal education and training
- No new standards or evaluation criteria required



# Government Recommendations

- Involve government in implementations
- Increase communication
- Improve training
- Emphasize current risk management & auditing approaches
- Encourage government access





# Industry Recommendations

- Share lessons learned
- Investigate civil/military integration of contractor, Government, & software supplier ERP systems
- Encourage user group workshops/conferences
- Encourage Government participation in professional organizations

BACK-UP SLIDES



## Definition (cont.)

### Enterprise Resource Planning

A method for the effective planning and controlling of ALL the sources needed to take, make, ship and account for customer orders in a manufacturing, distribution or service company.

#### Includes:

- Typical MRP II Functions
- Sales Force Automation
- Engineering Functions/PDM
- Advanced Manufacturing Functions
- Distribution/Logistics Functions
- Quality Functions
- Field Service Functions
- Complete Financial Functions
- Human Resources Functions
- Management Reporting



# Organization Chart vs. MRP II

